

State of Delaware

Medical and Prescription Insurance Audit Services Request for Proposal (RFP)

Summary for SEBC Meeting

October 12, 2020

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Audit RFP background

- Due to significant increases in the State Group Health Program (GHIP) costs in FY2014 and FY2015, the Health Plan Task Force was established in FY2016 to identify cost savings and efficiencies in the GHIP
 - The Task Force found a lack of transparency around provider costs as compared to charges submitted to the medical/prescription drug insurance carriers for payment
 - Recommended conducting claims audits periodically as a best practice
 - To gain insight into provider costs, the SEBC issued an RFP for an auditor to review the GHIP's health plan payments to providers in FY2015
 - From this process, the SEBC awarded a contract for medical and prescription drug audits to Claim Technologies, Inc. (CTI), which expired at the end of FY20
 - CTI had conducted audits since the FY15 plan year on a biannual basis

Audit scope of services requested of the bidders

Medical contract compliance review

- **Operational Review** of administrative policies, procedures, and internal quality control measures critical to minimizing financial loss and maintaining participant satisfaction levels. Includes review of the SOC-1 report¹ supplemented with a State-specific administration questionnaire. Takes place onsite at TPA² office
- **Financial Comparison** of amount paid on the data file to amounts invoiced and paid by the State
- **Electronic Review of All Claims (100%)** processed within the contract compliance review period should explore system capabilities and the accuracy of plan set-up
- **Target Claims Selection** using statistically valid claims sample for review while onsite to validate the electronic query results
- **Written report** of findings

PBM contract compliance review³

- **Operational Review**
- **Financial Comparison**
- **Electronic Review of All Claims (100%)**
- **Rebate Review**
 - Involves the analysis of the contractual rebate agreements that exist between the PBM and drug manufacturers compared to the actual rebates processed
- **MAC List Review** of top 50 drugs utilized
 - “Maximum Allowable Cost” defines the maximum amount that a PBM will reimburse for the cost of a drug
- **Written report** of findings

Plus value-added services such as:

- Additional data analytics
- Post-audit support for resolving open issues with the medical TPAs and/or the PBM

1. SOC-1 Report = System and Organization Controls Report; a report on entities' internal control over financial reporting

2. TPA = Third Party Administrator, i.e., Highmark Delaware and Aetna

3. Description of scope of services for PBM contract compliance review is consistent with the medical review unless otherwise noted above.

Audit RFP timeline

RFP posted publicly on GSS website

March 12, 2020

Vendor interviews

July 20, 2020

PRC scoring meeting

September 14, 2020

March 2020

RFP administration

April - May 2020

RFP review

June - July 2020

Vendor evaluation

August – October 2020

Presentation

Contract effective date: Dec 1, 2020

Vendor bids due

April 15, 2020

Review of bids

June 10, 2020

Finalists:

- CTI
- HMS
- Myers and Stauffer

Presentation to SEBC

October 12, 2020

Bids received from:

- Claim Technologies, Inc. (CTI)
- Healthcare Horizons
- Healthcare Management Systems (HMS)
- Myers and Stauffer
- Sagebrush Analytics
- Tiber Creek (Rx)



Results of Proposal Review Committee scoring meeting and PRC recommendation to the SEBC

- The Proposal Review Committee voted to recommend that the contract be awarded to CTI based on the following:
 - Scoring (out of 60 points) – CTI: 51.3; Myers and Stauffer: 45.6; and HMS: 44.6
 - Comprehensiveness of compliance review plan
 - Experience in conducting reviews of the State’s current medical and prescription drug carriers (only finalist with experience auditing Highmark Delaware)
 - Although CTI’s proposed fees were slightly higher than the finalist with the lowest cost bid, CTI has proven abilities to act independently and provide excellent service

- RESOLVED that with respect to the award of a contract pursuant to the Request for Proposal for Medical and Prescription Audit Services, the Proposal Review Committee recommends to the State Employee Benefits Committee as follows:
 - Contract award to CTI for an initial three-year term effective December 1, 2020 through November 30, 2023, with two optional one-year period extensions